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Title:
Ministerial statement - wage restraint

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MINISTERIAL STATEMENT BY THE PREMIER.WAGE RESTRAINT.

The two main problems that face us at the moment are inflation and unemployment - which are the two major problems facing all Governments in Australia. At the Premiers' Conference in August 1974 I sought the co-operation of all Governments in the adoption of a series of measures that could form a viable anti-inflationary package. As a result of the discussion at the Premiers' Conference five joint Commonwealth-State working parties were appointed to recommend practical methods by which wages and costs could be contained.

Subsequently, the Australian Conciliation and Arbitration Commission commenced the 1975 National Wage Case. In its decision of April 30, 1975, it decided in principle "that some form of wage indexation would contribute to a more rational system of wage fixation to more orderly, more equitable and less inflationary wage increases, and to

better industrial relations, provided that consideration was part of the package which included appropriate wage fixing principles and the necessary 'supporting mechanisms' to ensure their stability". The Commission set out the wage fixing principles it proposed to adopt as a basis for introducing wage indexation and invited submissions regarding those principles and the period for which they should operate. At present the Commission is hearing those submissions.

It is not only my Government that regards the Commission's decision as a most responsible one, but a similar view has also been expressed by other State Premiers even though, in some cases, their Governments initially opposed wage indexation.

The Commission indicated that apart from quarterly increases to compensate for price increases and yearly reviews to consider productivity increases, the only grounds which would justify pay increases are :

- (a) changes in work value, such as changes in the nature of the work, the skill and responsibility required, or the conditions under which the work is performed. This would normally apply only to some classifications in an award, although in rare cases it might apply to all classifications
- (b) catch-up of community movements.

After that decision had been given, the Australian and State Ministers of Labour, and one of the working parties to which I referred earlier met to discuss the extent to which a uniform approach could be made by the seven Governments to the Australian Conciliation and Arbitration Commission in the adjourned hearing of the National Wage Case that commenced on July 29. All Governments have accepted the principles enunciated by the Commission on April 30.

My Government considers it to be of the utmost importance that the purchasing power of wages should be maintained and not eroded by increases in prices, and that in order to combat inflation, wage

increases should be temporarily confined to quarterly adjustments, based on movements in the Price Index, apart from dealing with anomalies. This I realise means that for the time being grounds for seeking wage increases will be very limited, but unless something is done to contain the rate of inflation it seems inevitable that the number of persons unemployed will continue to increase. The Government considers it is preferable for there to be some wage (and price) restraint than for uncontrolled increases in wages to result in increasing unemployment.

As a result of Cabinet consideration of this matter I have written to all Ministers, requiring Government Departments and instrumentalities to conform to the wage restraint principles of the Australian Conciliation and Arbitration Commission.

The Minister of Labour and Industry has been authorised to intervene before State industrial tribunals in cases that affect State Government employees, to urge the adoption of the Australian Commission's principles in all State awards.

As soon as the Australian Commission has given its decision in the current National Wage Case, the Minister of Labour and Industry will make application to the State Industrial Commission to apply the same principles as the Australian Commission decides upon.

The Government is proposing to amend the Industrial Conciliation and Arbitration Act to repeal the provision of that Act relating to the living wage so there will be no impediment to quarterly adjustment being applied to employees under State awards: a Bill for this purpose will shortly be introduced into Parliament. A separate Bill shortly to be introduced will require the Industrial Commission to certify that any industrial agreements must not be contrary to the public interests before an agreement can be registered.

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